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June 20, 2019

House Ways and Means Committee  
Re: Tax Cuts and Jobs Act's Section 512(a)(7)

Dear Committee Members,

I am Regina Bette, the CEO of Aviva Family & Children's Services (Aviva) in Los Angeles California. I am writing you today about the impact of the Tax Cuts and Jobs Act's Section 512(a)(7) on nonprofit organizations.

This code section, enacted in December 2017, imposes a tax on nonprofit employers for providing nontaxable commute and parking benefits to employees. This has resulted in Aviva now having to pay taxes on the free parking that we offer our employee's even in parking lots that we own.

The impact of this tax is not just the tax itself but is also the time and effort to learn and understand the law in the absence of authoritative interpretations. We have also had to pay for: professional tax advice and filings, and the imposition of late filing and late payment penalties because we learned about this law after the initial deadlines wasting charitable-use assets, and because the law became effective two weeks after it was passed. There was insufficient time to learn and understand the details of the law prior to its effective date.

As a non-profit serving the neediest individuals in our community I find it very difficult to divert charitable use funds to pay federal taxes, taking away from my organization's ability to carry out its charitable mission. We are unable to increase our fees nor apply the cost of these taxes to our government contracts. We also cannot pass these costs to our employees as they would lose income when they are already paid less than employees in for-profit markets.

I sincerely hope that this UBTI tax on non-profits/charities was an unintended consequence and that the House Ways and Means Committee will rectify this tax.

With much hope for a resolution,

Regina Bette  
President/CEO



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